

## **CHAPTER 5**

### **PROCEDURES FOR APPROVAL OF PERMANENT IMPROVEMENT PROJECTS**

All permanent improvement projects must be approved by the Budget and Control Board. Section 2-47-50 of the South Carolina Code of Laws requires the Board to formally establish each permanent improvement project before any action to implement the project is taken. The Joint Bond Review Committee (JBRC), a ten-member joint legislative committee of the General Assembly, is charged with reviewing, prior to approval by the Budget and Control Board, the establishment of any permanent improvement project and the source of funds for any such project not previously authorized specifically by the General Assembly.

The Joint Bond Review Committee and the Budget and Control Board have delegated authority to review and approve projects and project actions to their staffs, in many situations, based on the characteristics of the project. The specific approval procedures for permanent improvement project requests, based on the characteristics of the project, are discussed below. The additional approval procedures for the colleges, universities and technical colleges are also discussed.

#### **Commission on Higher Education Review**

The permanent improvement projects of colleges, universities and technical colleges require review by the Commission on Higher Education (CHE). Institutions of higher learning must submit their project proposals and justification statements to the Board through CHE which forwards the A-1 forms, A-49 forms, supporting documentation and CHE recommendations to the Capital Budgeting Unit.

In practice, the project requests of colleges, universities and technical colleges are reviewed either (a) by the Commission's Facilities Committee and the full Commission or (b) by Commission staff, depending on the type and size of the project. According to CHE procedures, any project which requires staff action will be considered within 15 days of receipt of the request. Projects that require review by the Facilities Committee and the full Commission will be considered at regular intervals. Meeting schedules are posted on the internet.

While the colleges, universities and technical colleges may send A-1 forms directly to the Capital Budgeting Unit, the staff does not process the forms until a letter of recommendation from CHE (either approving or disapproving the project request) is received from CHE staff.

#### **Project Actions Requiring Board Staff Approval Only**

Many permanent improvement project actions require only review by the Capital Budgeting Unit staff and approval by the Board's authorized representative. The Board's authorized representative is the final approval authority for all A-1 forms. The representative's signature on any A-1 form signifies all required approvals have been obtained. Agencies should allow one week for the Capital Budgeting Unit to process A-1 forms requiring Board staff approval only.

Some project actions require Board staff approval only because the project has already been authorized through legislative action. Others have been specifically delegated to staff by the Budget and Control Board. Those actions requiring Board staff approval only are listed below.

Projects with Funding Specifically Authorized by Legislative Action - Any project established, or budget of an existing project increased, using funds which have been specifically authorized by legislative action requires only Board staff approval. These items include specifically identified projects with funding authorized in a General Appropriations Act, a Capital Improvement Bond Act or a Capital Reserve Fund Act. For capital improvement bond-funded projects, the bond funds must already be released by the Joint Bond Review Committee and the Budget and Control Board before the project can be established or the project budget increased.

Projects Approved in the First Year of the Comprehensive Permanent Improvement Plan (CPIP) - Projects which are approved as part of an agency's Comprehensive Permanent Improvement Plan have already been reviewed and approved by the Joint Bond Review Committee and the Budget and Control Board. This includes projects in the first year of the plan only. Therefore, when the project is established, the A-1 form requires only Board staff approval, unless the project budget exceeds the amount approved in CPIP or the source of funding changes.

Transfers Increasing Budgets up to \$10,000 or 10% - Project budget increases resulting from funds being transferred from existing projects require only Board staff approval if the transfer is \$10,000 or less for projects with budgets up to \$100,000. For projects with budgets over \$100,000, the budget can be increased by up to 10% by transferring funds from another project. For example, if the project budget is \$400,000, the budget can be increased by transferring up to \$40,000 from other projects requiring only Board staff approval.

Specific Project Actions Proposed - Certain specific project actions require only Board staff approval regardless of the dollar amount involved. Approval for these project actions have been delegated to the Budget and Control Board's authorized representative. These actions include:

- 1) Change Source of Funds;
- 2) Decrease Budget;
- 3) Close Project;
- 4) Revise Scope;
- 5) Change Project Name; and
- 6) Cancel Project.

Any combination of these specific project actions also requires only Board staff approval.

Preliminary Land Acquisitions Up to \$20,000 - Projects established for the purpose of acquiring appraisals, environmental studies and/or building condition assessments prior to the acquisition of land and/or buildings are called preliminary land acquisitions. For most agencies, these projects can be established with Board staff approval only, provided the budget does not exceed \$20,000. Colleges, universities and technical colleges must have approval from the Commission on Higher Education prior to Board staff approval. However, if the final acquisition cost is expected to exceed \$250,000, the project establishment cannot be approved at the Board staff level, but must be submitted to the full Joint Bond Review Committee and the Budget and Control Board for approval.

Budget Increases to Projects Not Meeting PIP Definition - The budgets of existing projects not meeting the current PIP definition can be increased up to a total of \$100,000 with Board staff approval only. This applies primarily to projects which were on the SPIRS system prior to the adoption of the current PIP definitions and which are not funded or increased using capital improvement bonds, state

appropriated funds, or capital reserve funds. This also applies to projects under \$100,000 using excess debt service funds.

Projects Funded with County Water Recreation and/or Game Funds - County water recreation and county game funds can be used by the Department of Natural Resources with the approval of a majority of the county legislative delegation. Because the law governing the use of these funds states that they can be used with the county delegation's approval, projects funded or increased solely with these fund sources, regardless of the amount, require only Board staff approval.

### **Project Actions Requiring JBRC Staff Review**

The Director of Research for the Joint Bond Review Committee (JBRC) has been delegated authority by the Committee to review permanent improvement projects with budget actions up to \$250,000 which require JBRC review. This includes projects established with budgets up to \$250,000 and budget increases up to \$250,000 for existing projects which have not been previously authorized by the General Assembly, already approved by JBRC as part of CPIP, or delegated to Budget and Control Board staff. This authority does not apply to requests for land/building acquisitions which must all be reviewed by the full Committee, regardless of the dollar amount, or to requests for less than \$250,000 if the final project budget is expected to exceed \$250,000.

Project requests requiring JBRC staff review are reviewed first by the Capital Budgeting Unit staff and then forwarded to JBRC staff approximately once a week. When the Capital Budgeting Unit receives notification that the project requests have been favorably reviewed, the A-1 forms are then signed by the Board's authorized representative signifying the required approvals have been obtained. Agencies should allow 1-2 weeks for processing A-1 forms requiring JBRC staff review.

### **Project Actions Requiring Joint Bond Review Committee Review**

The Joint Bond Review Committee reviews all permanent improvement project requests with budget actions over \$250,000. This includes project establishments over \$250,000 and budget increases for existing projects over \$250,000 which have not been previously authorized by the General Assembly, already approved by JBRC as part of CPIP, or delegated to Budget and Control Board staff. JBRC must also review all land/building acquisitions regardless of the cost. In 2001, JBRC also required that any new projects that are projected to have a total cost in excess of \$250,000 at the time they are established be brought to the Committee for review and approval.

These project requests and land/building acquisitions are compiled in a summary and sent to the Joint Bond Review Committee to meet its deadlines for review at its next scheduled meeting. This occurs after the Capital Budgeting Unit staff reviews the requests. Additional summaries may also be compiled at other times as needed. Copies of appropriate A-1 forms, A-49 forms and other supporting documentation are attached to the summaries and sent to JBRC for review by the Committee at its next scheduled meeting.

Some project actions delegated to JBRC staff may be referred to the full committee for review. This is done when an issue arises that JBRC staff thinks needs consideration by the full Committee. Such A-1 forms requiring JBRC review may either be sent to the Board's authorized representative for signature following favorable review by the Committee or may also be referred to the full Budget and Control Board for approval.

Because JBRC does not have a regular meeting schedule, agencies should allow 6-8 weeks for approval of project actions which must be reviewed by the Committee. Additional time should be allowed for actions which must also be approved by the Budget and Control Board.

### **Project Actions Requiring Budget and Control Board Approval**

The full Budget and Control Board must approve all project actions which also require review by the Joint Bond Review Committee. Project actions which must be approved by the Board include project establishments over \$250,000 and budget increases for existing projects over \$250,000 which have not been previously authorized by the General Assembly, already approved by the Board as part of CPIP, or delegated to Budget and Control Board staff. The Budget and Control Board must also approve all land/building acquisitions regardless of the cost. In 2001, the Board also required that any new projects that are projected to have a total cost in excess of \$250,000 at the time they are established be brought to the Board for review and approval.

All project actions requiring Board approval are included in an agenda item prepared by the Capital Budgeting Unit for the Board's next meeting, after the actions have been favorably reviewed by the Joint Bond Review Committee. Agenda items for land/building acquisitions are also prepared by the Capital Budgeting Unit for the Board's next meeting after favorable review by JBRC. Following approval by the Budget and Control Board, the A-1 forms are signed by the Board's authorized representative, signifying the required approvals have been obtained.

Agencies should allow up to three months for approval of project actions which must be approved by the Board. Land/building acquisitions may take longer because of the time required to review and approve appraisals, environmental studies and building condition assessments.

### **Mailing of Approved A-1 Forms**

For all A-1 forms that have been approved and signed by the Board's representative, a copy of the form is mailed to the agency submitting the form, and to the State Engineer's Office, the Comptroller General's Office and the State Treasurer's Office.